

THE COMMUNITY CHARGE AND LOCAL GOVERNMENT FINANCE IN SCOTLAND

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Introduction

The Abolition of Domestic Rates (Etc) Scotland Act received Royal Assent on May 15th 1987. Any lingering doubts about its eventual implementation appear to have been dispelled by the Conservative victory in the UK General Election on June 11th although there is press speculation that the Scottish implementation date of April 1989 may be delayed to coincide with the introduction of similar legislation for England and Wales, which was announced in the Queen's Speech on June 25th 1987. Any such delay would be viewed as a response to the apparent unpopularity of the community charge or poll tax and to the scale of Conservative defeat in Scotland on June 11th.

The Act is based on the Green Paper "Paying for Local Government" in which the reform proposals – the abolition of domestic rates, the introduction of the community charge, and the centralisation of non-domestic rates – are described as "the most radical re-structuring of local government finance this century"⁽¹⁾ – a verdict with which few would disagree.

This chapter will locate the reform proposals in their historical context by examining broad trends in the development of local government finance, with particular reference to the conflicts and tension between central and local government which have developed since the mid-1970's and to the impact of revaluation in 1985. The proposals will be examined to see how far they are consistent with Conservative fiscal and local government policies as they have developed since 1979. Attention will be paid to the nature and effectiveness of the opposition campaign inside and outside Parliament and the impact of the proposals on the future of Scottish local government will be discussed.

Historical Background – The Road to the Poll Tax

Local government in 19th century Scotland lacked uniformity and effectiveness until a series of Acts of Parliament in the late 1880s and 1890s, culminating in the 1900 Town Council (Scotland) Act which established a framework giving elected local authorities the powers to tackle major issues

such as sanitary and housing reform. The development of municipal services, with Glasgow in the forefront, proceeded throughout the 19th century, but it is from the 1890s that a recognisable and uniform local government system can be traced. Throughout the 19th and 20th centuries, local government has been financed by central government grants and rates – a local property tax. Rates have come under periodic attack and criticism but have survived, probably because of the attributes most clearly stated in the Report of the Layfield Committee which was set up in 1974 to review the whole system of local government finance in England, Scotland and Wales.

- “(i) a tax on property is particularly suitable as a local tax. There is no difficulty in attributing the yield to even the smallest units of local government, since this yield depends on the physical location of immovable property;
- (ii) the form of tax is relatively simple and understandable, however much less easy it may be to comprehend the underlying details;
- (iii) over many years there has been considerable stability in the operation of rating, with relatively small changes from year to year;
- (iv) property is visible and easily identifiable; it cannot be shifted geographically in response to change in rates of tax;
- (v) the yield of the tax is readily predictable and certain;
- (vi) evasion is extremely difficult;
- (vii) the cost of maintaining rating is not high in proportion to the yield;
- (viii) rates are a perceptible tax; the demand, expressed as a lump sum at yearly or half-yearly intervals, brings the tax prominently to the notice of ratepayers;
- (ix) because rates are perceptible, and because deliberate decisions have to be taken to raise rate poundages to meet increased costs, the tax promotes accountability;
- (x) there are no problems of confidentiality of the taxpayers' personal income or circumstances (save now, when rebates are claimed).”⁽²⁾

As a result of central government policy and rising expectations, local government current expenditure in Scotland grew steadily in the 1960s and into the 1970s at an average annual rate of around 4% more than the rate of

inflation.⁽³⁾ Expenditure doubled in real terms between 1964 and 1975. This growth in expenditure was encouraged by central government and matched by growth in rate support grant (RSG) which peaked at 75% of local government spending in 1975/76.

1975 proved to be a turning point with the announcement by Tony Crosland, then Secretary of State for the Environment, that "the party's over" signalling the end of local government expansion financed largely by central government grants. 1975 was also the year of local government reorganisation in Scotland. As a result of significant inflation in the economy and the reorganisation, rate bills in Scotland rose by 28% provoking complaints from ratepayers and contributing to the terms of reference for the Layfield Committee.

In considering the nature of the crisis, Layfield concluded that short-term problems – "the virtual cessation in the rise of real national income...the rapid increase in inflation and...the reorganisation of local government"⁽⁴⁾ – had highlighted longer-term fundamental problems concerning the financial and political relationship between central and local government.

Having criticised the ambiguity which, in his Committee's view characterised this relationship, Layfield went on to produce proposals which themselves contained significant elements of ambiguity and contradiction and were, at the end of the day, unacceptable to both central and local government.

The Committee took the view that "the only way to sustain a vital local democracy is to enlarge the share of local taxation in total local revenue and thereby make councillors more directly accountable to local electorates for their expenditure and taxation decisions".⁽⁵⁾ To realise this objective, they proposed the introduction of a local income tax (LIT) to supplement the rating system. The rating system would be retained and extended to agricultural land and buildings. LIT would be an additional source of revenue for "top tier" authorities – in the case of Scotland, the regional councils. Both regions and districts would continue to levy rates. This formula would allow central government grant to be reduced to around 40% of local government expenditure thus enhancing local democracy and local accountability.

However, and in apparent contradiction to the emphasis on local democracy and accountability, Layfield also asserted central government's right to control levels of local government expenditure in the interests of macroeconomic policy.

Layfield's proposals found little favour with either central or local government but they set the scene for the debates of the 1980s and provided

ammunition both for the supporters of the rating system and the advocates of LIT.

Aggregate Exchequer Grant as a percentage of local government spending in Scotland fell from 75% in 1975/76 to 68.5% in 1978/79. Expenditure reductions and rates increases became the order of the day but the effect of the pay restrictions embodied in the Social Contract kept the level of expenditure (and rates increases) down because of the labour intensive nature of local authority services.

Prior to 1979, RSG reductions had been a pragmatic response to external economic pressures. Following the election of the Conservative government in 1979, the curtailment of local authority spending was elevated to a policy objective in its own right. This policy objective has been pursued through reductions in central government grant on the one hand (expressed as a percentage of Scottish local government expenditure, RSG was cut from 68.5% in 1980/81 to 56.1% in 1986/87) and the enactment of legislation which gave the Secretary of State for Scotland widespread powers to restrict local government spending.

This radical and ideological approach swiftly turned local government into one of the main political battlefields of the Thatcher years. The emergence from the mid 1970s, of a new breed of Labour councillor, committed to a radical examination and extension of local government services, fuelled the conflict. The other major opponents of the government's economic and social policies, most notably the trade unions, experienced a series of crushing defeats in the 1980s. This trend reinforced the view of many on the political left that local government was the main agency for opposing central government policies and defending living standards while for those on the right, Labour local government came to be viewed as a major obstacle to the implementation of Conservative economic and social policies.

The 1979 Conservative manifesto contained a commitment to re-open the debate on the rating system. The result was the 1981 Green Paper "Alternatives to Domestic Rates" which canvassed alternatives to the rating system, including a poll tax. This was followed by a White Paper, produced in 1983, which came to the following conclusion:

"The Government were fully prepared to propose to Parliament the abolition of domestic rates if consultation had revealed broad-based support for an alternative system of local taxation which satisfied the criteria. However, it was clear from the response to the Green Paper and from the evidence given to the Environment Committee that no consensus can be found for an alternative tax to replace domestic rates. The Government recognises that rates are far from being an ideal or popular tax. But they do have advantages. They are highly

perceptible to ratepayers and they promote accountability. They are well understood, cheap to collect and very difficult to evade. They act as an incentive to the most efficient use of property. No property tax can be directly related to the ability to pay; the rate rebates, now incorporated in housing benefit, together with Supplementary Benefit, have been designed to reduce hardship. The Government have concluded and announced to Parliament that rates would remain for the foreseeable future the main source of local revenue for local government."⁽⁶⁾

Average rates increases in Scotland of 30% in 1980/81 and 34% in 1981/82 fuelled the anger expressed by ratepayers' groups and sections of the business community, but rates reform did not emerge as a serious issue in the 1983 election campaign and the poll tax did not even merit a mention.

Following the 1983 election, the government pressed ahead with its legislative, financial and ideological attack on local government, but there appeared to be a consensus that there was no realistic alternative to the rating system. That consensus was shattered by the 1985 rating revaluation in Scotland.

Revaluation – Instant Crisis

Revaluations of property for rating purposes have been carried out in Scotland in 1971, 1978 and 1985.

The 1975 Local Government (Scotland) Act prescribes quinquennial revaluations, but the Secretary of State used his powers to delay the full revaluation of the 1978 Valuation Roll from 1983 to 1985. Revaluation redistributes the rating burden between sectors of ratepayers and between individual households. Significantly, there has been no revaluation in England and Wales since 1973.

The 1985 revaluation entailed a significant shift of the rating burden from industrial to domestic ratepayers and what the Green Paper "Paying for Local Government" described as "arbitrary and unpredictable impositions"⁽⁷⁾ on many Scottish households. In spite of government measures to mitigate the effect of revaluation, including a special rebate scheme, over 100,000 households had an increase of more than 33% in their rate bills between 1984/85 and 1985/86. There were also significant fluctuations in the commercial and industrial sector.

Not surprisingly, revaluation provoked an outraged response from a range of domestic and non-domestic ratepayers, many of whom were traditional Conservative supporters. If revaluation after 7 years had this effect in Scotland, it didn't take a great deal of imagination to work out what the consequences would be in England and Wales where there had

been no revaluation for 12 years. The hunt for alternatives to the rates now began in earnest with the publication of the Green Paper "Paying for Local Government" at the end of January 1986. Any lingering doubts amongst Conservatives about the unpopularity of revaluation were dispelled at the Regional Council elections in May 1986, when the Conservatives lost control of Tayside and Grampian Regions and suffered serious reverses elsewhere, notably in Lothian. Conservative councillors attributed much of their unpopularity to rating revaluation and saw the community charge and the abolition of rates as their electoral saviour.

The Main Themes of the Act

The 1987 Act has four main features:

- (i) the abolition of domestic rates;
- (ii) the introduction of a system of community charges;
- (iii) the transfer of control over the level of non-domestic rates from local authorities to the Secretary of State for Scotland;
- (iv) the replacement of rate support grant by revenue support grant.

These reforms are to be implemented in April 1989. When similar legislation has been enacted for England and Wales, it is proposed to introduce a Uniform Business Rate (UBR) for Scotland, England and Wales.

The Case for Reform

The case for the proposed reforms has two main planks. On the one hand, there are the principled arguments and criticisms of the existing rating systems contained in the Green Paper. On the other hand, there is the hidden agenda – the desire to control the high profile "big spending" authorities, to undermine support for local government in Scotland dominated as it is by the Labour Party and to secure or shore up traditional Conservative support which, it was believed, had been lost by revaluation in particular and the government's alleged failure to protect "the ratepayers" from rate increases substantially above the rate of inflation in general.

These two strands often overlap and interact. Their co-existence goes a long way to explaining the theoretical poverty and inconsistencies of the Green Paper, which have been widely noted by most academic commentators. Its 133 pages have all the appearance of a document for which the conclusions were written first and the analysis to justify the conclusions produced as an afterthought. The contrast with, say, the style

and methodology of the Layfield Report produced 10 years earlier is striking and speaks volumes about the changing style of government over the decade – there is now a failure to seriously examine alternative arguments or evidence which does not sit neatly with the predetermined conclusions. The comments of Martlew and Bailey that the Green Paper's examination of the evidence is "narrow and partial in focus"⁽⁸⁾ or of Midwinter and Mair that its proposals "mark the triumph of ideology over analysis"⁽⁹⁾ are not untypical.

Before examining the Green Paper's arguments and conclusions, a further criticism of its content and methodology must be made. The Green Paper's origins lie, to an extent, in developments in Scotland, particularly revaluation. Its conclusions for Scotland are similar to those for England and Wales, but there are significant differences and they are to be implemented earlier and in a different way from the reforms in England and Wales. However, there is no integrated, sustained or convincing presentation of the Scottish evidence.

The Green Paper's numerous charts and tables break down as follows:

Related to	No of Charts/tables
England only	30
Great Britain	21
Wales only	9
United Kingdom	7
Scotland only	7
England and Wales	2

Of the seven Scottish tables, six contain background information on the characteristics of households and tax units, the population of communal establishments and comparative yields of national and local taxes. The seventh details the sources of funding of Scottish local government in 1985/86. There is no serious attempt to evidence the consequences of the proposals for domestic and non-domestic ratepayers, and local authorities in Scotland. For a Scottish reader, promised specific Scottish legislation, reading the Green Paper is a frustrating experience. Irrespective of any other political arguments, it is difficult to imagine such a flawed Green Paper being produced had it been subject to examination by the committees of a Scottish Assembly.

The case for the replacement of domestic rates by the community charge, the centralisation of non-domestic rates and the ultimate introduction of a national Uniform Business Rate (UBR) is based on economic and political arguments.

Economically, it is argued that central government has a responsibility for controlling public expenditure, that public expenditure squeezes the

private sector and should therefore be reduced, that local government expenditure is a significant component of public expenditure, that local government expenditure is out of control and that central government, because of inherent defects in the rating system, is unable to bring local government expenditure under control. The economic theories which underlie these propositions are beyond the scope of this article. However, it is difficult to reconcile the assertion that local government expenditure is out of control with the evidence that local authority expenditure in the UK has fallen from 28% of public expenditure in 1979/80 to 25% in 1985/86. At the time the Green paper was published, planned expenditure by Scottish local authorities was only 3.2% above Government guidelines, which hardly seems likely to rock the macroeconomic boat. The power of central government to control local authority expenditure was formidable before 1979, but since then successive Acts of Parliament first applying to Scotland and then, in a different form, to England and Wales, have given the Secretary of State unprecedented powers to control the general level of spending, and the spending and rating decisions of individual local authorities.

It is at this point that we move from the economic to the political arguments, for the Green Paper concedes that the government has been successful in restraining local authority expenditure, but complains that central/local relationships have worsened and that local authorities have not been willing partners. The argument, implicit in the Green Paper, but made explicit in the House of Commons, then proceeds to assert that local electorates continue to elect recalcitrant local authorities and goes on to ask why this should be so.

Here we come to the key political argument of the Green Paper – accountability. Local authorities are not accountable to their domestic and non-domestic ratepayers who, together with central government, finance their spending policies. They are accountable to an electorate, the majority of whom do not pay rates. As a result, claims the Green Paper, "Many electors are indifferent to how much their local council spends or are encouraged to vote for ever higher expenditure on services."⁽¹⁰⁾ The results are unfair to domestic ratepayers and damaging to the competitive position of non-domestic ratepayers both within the UK and in an international context. Let us examine the evidence.

Out of the Scottish electorate of 3.9 million, 1.9 million adults are householders liable to pay rates. Of that 1.9 million, 1.1 million pay full rates, 400,000 pay no rates at all and a further 400,000 receive a partial rebate. However, the simple assertion that only 1.1 million out of 3.9 million adults pay full rates fails to reflect the fact that 1.3 million of the 2 million non-householders are spouses of ratepayers and most organise their finances jointly. In the real world you don't have to be the householder in order to pay a share of the rates.

Furthermore, amongst the volumes of research on voting patterns, there is no evidence to support the proposition that electors vote for high spending policies because they will not have to finance them. Indeed, there is some evidence to the contrary, in that those least likely to pay rates and therefore with most to gain from high spending policies (young adults) are also less likely to vote than older people and less likely to vote in local rather than national elections.

The alleged unfairness experienced by domestic ratepayers has in the past been argued on the basis that rates are not related to ability to pay (ie: that rates are a regressive form of taxation). This is certainly true, although rates, it can be argued, are a tax on property, which while not necessarily relative to ability to pay do at least reflect a choice about household expenditure.

However, clearly it would be ridiculous to criticise domestic rates on the ability-to-pay argument when the proposed alternative is a poll tax which bears absolutely no relationship to ability to pay. In fact, the argument has now shifted. It is now argued that the balance of local authority services has historically swung from property services (water, gas, electricity and protective services) to personal services (education, social services, libraries). It is therefore consistent to argue that the tax base should shift from a property tax to a personal (or poll) tax. The use of the term "community charge" to describe what is undoubtedly a head tax or poll tax is partly a cosmetic exercise but also reflects government philosophy. "Moving from rates to a flat-rate community charge would mark a major change in the direction of local government finance back to the option of *charging* for local authority services."⁽¹¹⁾

No convincing case has been made to establish that non-domestic rates affect the competitive position of firms either within the UK or in an international context. The Green Paper concedes that "Hard evidence of the effects of rates on business is scarce" and that "How far business rate increases do affect the location and viability of businesses in particular areas must therefore still to a large degree be a matter of conjecture."⁽¹²⁾

Nevertheless, on the basis of this shaky evidence, the 1987 Act removes non-domestic rates from the control of Scottish local authorities with effect from April 1989. The maximum non-domestic rate for each authority will be determined by the Secretary of State in accordance with movements in the Retail Price Index (RPI). When revaluation practices in Scotland, England and Wales have been standardised, the government proposes to introduce a Uniform Business Rate (UBR) throughout Great Britain. The proceeds would be distributed to authorities on a per capita basis although safety nets would be required initially in view of the dramatic gains and losses which individual authorities would otherwise incur.

The final argument advanced for reform is that the 1985 revaluation in Scotland has caused "widespread loss of public confidence in the present Scottish rating system and a vociferous demand for reform."⁽¹²⁾ No evidence is produced to indicate how widespread the loss of confidence or the demand for reform is.

The Green Paper is, by consensus, poorly researched and argued. Its conclusions represent a complete reversal of the conclusions of the Layfield Committee and of the government's own 1983 White Paper, which found that the rating system was effective and that there were no reasonable alternatives to it. It is difficult to avoid the conclusion that the Green Paper's proposals are based on short-term electoral expediency and a longer-term aim of further eroding the revenue-raising powers of local authorities.

The Act and Conservative Policy

If electoral expedience was, at least in part, behind the Act's proposals, the 1987 election results in Scotland must have disappointed its architects.

However, it is important to note that the 1987 Act complements and promotes the government philosophy which has been current since 1979. This applies particularly in relation to fiscal policy, local government policy and policy towards Scotland.

The government's preference has been to make the taxation system as a whole more regressive. The replacement of domestic rates with a system of community charges furthers this objective. The poll tax is more regressive than the rating system which, while not directly rated to ability to pay, at least bears some relationship to income and wealth since households living in the most expensive and desirable housing pay the highest rates. Everyone, irrespective of housing, income and wealth pays the same poll tax.

A string of Acts of Parliament since 1979 have brought unprecedented central government control of local authority rating and spending decisions in Scotland, England and Wales. The 1987 Act will further tilt the central/local relationship towards central control. By taking control of non-domestic rates, central government will have control of 80% of Scottish local authority income (compared with 56% at present) thus increasing the already powerful leverage which it can apply. Furthermore, the Act empowers the Secretary of State to reduce the level of community charge of any authority whose expenditure is judged to be "excessive and unreasonable" by Parliament.

Scotland has been used as a test-bed for government legislation throughout the first two Thatcher governments, most notably in the field of rate-capping. The poll tax continues that trend. The rationale has been most eloquently, and offensively, explained by Sir George Young, MP for Ealing Acton and former Under-Secretary at the Department of the Environment:

"While my own rates – at one point in the debate – would have gone down from over £2,000 to around £400, many voters in marginal seats would inevitably have to pay more.....So, I, for one, am glad that the Scots are taking the shine of the new ball before the English go in to bat."⁽¹³⁾

Opposition Campaign

The poll tax has found few supporters in Scotland. All the political parties, except the Conservatives declared their opposition as did 63 out of 65 Scottish local authorities, the STUC, and a range of community and voluntary organisations.

Most public criticism of the Green Paper and the 1987 Act has focused on the "winners and losers" and the redistributive and regressive nature of the poll tax. There has also been some discussion of the practical difficulties associated with levying and collecting the tax. In addition, attention has been focused on the effects on the central/local relationship, the democratic implications, civil liberties and the Scottish dimension.

The community charge is a poll tax (or head tax) because, with a few specified exemptions, it is a flat rate tax levied on all adults over the age of 18. Terminology was the first battleground. The fact that the tax is popularly referred to as a poll tax (the derogatory term favoured by its opponents) rather than a community charge (as its supporters would prefer) is an indication of how the battle has gone.

Research has confirmed the commonsense proposition that the "winners" are most likely to be single adult households and households living in property with a high rateable value and that the "losers" are most likely to be households with three or more adults and households living in property with a low rateable value.

Only prisoners, long-term hospital patients, the severely mentally handicapped and people living in residential and nursing homes will be exempt. The severely physically disabled will be eligible for 100% rebates. Everyone else will be required to contribute at least 20% of their poll tax. Shortly before the 1987 election, the government announced that income support claimants will have their benefits uprated to allow them to pay their rates or poll tax.

In general terms, the redistributive consequences within local authority areas are obvious and intended, and are in line with the government's fiscal policy. Shifts in the burden of paying for Regional Council services will also cause a significant transfer of tax burdens between local authority areas. The areas to benefit will be those with relatively high domestic rateable values. For example, within Strathclyde Region, areas like Eastwood and Bearsden and Milngavie will gain at the expense of areas like Glasgow, Cumnock and Doon Valley and Clydebank. There will be further transfers between local authority areas when the Uniform Business Rate and the "pooling" system are eventually introduced.

The Act has come under fire from professional associations largely on the grounds of practicality and the cost implications. The decision to bring in the poll tax in one "big bang" in 1989, rather than phase it in over 3 years, will ease the administrative problems, but it will certainly not remove them.

The costs of implementing the Act and the likely collection levels are matters of fierce dispute and will not be finally resolved until after the event, but a number of serious practical difficulties do exist and will have to be tackled.

Research commissioned by COSLA and the Scottish Consumer Council has identified the scale of some of the problems:

Amongst a representative sample of 18-24 year old Scots, there was found to be a high degree of mobility – 34% had 3 or more addresses since the age of 18 – and a reluctance to register to vote – 32% said they were not registered. These factors clearly pose problems for the compilation of the community charges register.

People on maximum rebates could be due to pay £50 – £60 a year. Experience of companies collecting from this type of consumer and expressed preferences indicate that the most effective forms of collection (such as a weekly visit) are likely to be the most expensive to staff and administer. Collection with rents may reduce the scale of the problem, but will undermine the stated objectives of perceptibility and accountability.

Widespread default is likely. A significant number of 18-24 year olds indicated that they had no goods worth pawning (the legal term for impounding) and sheriff officers were concerned about the legal complications of poundings against non-householders. The most effective means of recovering arrears – a speedy and personal visit to the client – was also likely to be the most costly.

For the first time in British history, there is now a direct financial

incentive for citizens to keep their names off the Electoral Register. While the Community Charges Register will be kept separate from the Electoral Register, cross-checks between the two will be made and many young people in particular will be tempted to avoid liability for taxation by giving up their right to vote.

Compilation of the Community Charges Register will require canvassers to ask intrusive personal questions in order to compile the Register and to provide local authorities with the information necessary to levy the tax.

Registration, levying and collection will all be more expensive than current systems because of the requirement to keep the Community Charges Register up to date on a day to day basis and because many more demands and payments will require to be processed.

The administration costs and loss of revenue are the subject of some controversy but finance officers have estimated that collection levels could be as low as 80% due to the practical difficulties in registration, collection and enforcement. This compares with a collection level of around 99% for domestic rates. Any shortfall will be reflected in the level of community charge. An 80% collection rate would mean a 25% "surcharge" for those actually paying the tax. Government figures on "winners and losers" have to date been based on the untenable assumption that there will be a 100% collection rate.

If the poll tax is in accordance with the government's general fiscal policies, it is certainly true that the centralisation of control over non-domestic rates is a logical extension of the government's centralising policies.

The government will take control of non-domestic rates, leaving local authorities with control over less than 20% of their income. The result is that very minor reductions in revenue support grant, even a failure to allow for a realistic rate of inflation, will have a multiplier effect on the level of community charge. This is because the entire shortfall has to be made up by what was previously the domestic ratepaying sector, without any contribution from business ratepayers. The example below shows that,

	Year 1	Year 2
Council Expenditure	100	105
Government Grant	60	57
Business Rate Income	<u>28</u>	<u>29.4</u>
Balance from Community Charge	<u>12</u>	<u>18.6</u>

with inflation running at 5%, a standstill Council budget in real terms, and a 5% cut in government grant, the net result is a 55% increase in the personal community charge.

A decision to increase council spending has a similar multiplier effect on community charge levels.

Central government will have even more power to influence local spending policies, but the act still reserves the government's right to reduce community charge levels if an authority's spending is judged "excessive and unreasonable" by Parliament.

An opinion poll commissioned by the Scottish Local Government Information Unit in November 1986 found that 80% of Scots were opposed to the introduction of the poll tax in Scotland ahead of England and Wales.

Of course, this is not the first time that Scotland has been used as a test-bed for local government legislation. Ratecapping, in particular, was tried out in the early 1980s in Scotland. The justification advanced by the government on this occasion relates to the 1985 revaluation and the effect this had on the credibility of the existing rating system.

The opposition campaign did not achieve the always improbable objective of keeping the Bill off the statute book but it can be judged to have been successful to the extent that public opinion swung against the poll tax and it certainly had a number of interesting features.

COSLA (the Convention of Scottish Local Authorities) took the unprecedented step of establishing a "Bill team" to follow the Bill through Parliament and to brief politicians, press and others on the details of the legislation. COSLA's member authorities provided experts on local authority law, finance, electoral registration, rating, welfare rights, housing benefits and public relations, who met on a regular basis to provide information on and analysis of the Bill. COSLA's activities reflected both the significance of the Bill for the future of Scottish local government and the changing role of COSLA itself. As co-operation and consensus between local and central government have broken down, COSLA's traditional role as a mediator and sounding board has become less important, and it has increasingly become a forceful advocate and publicist of local government interests.

The Scottish media have, for the most part, been hostile to the terms of the Act, particularly the poll tax. This brought complaints from defeated Conservative candidates in the 1987 election that the community charge had had a bad press and that the Scottish press was, unlike Fleet Street, anti-Conservative.

The Committee debates in the House of Commons were generally

judged to have been of poor quality. The government side was content to use its majority to vote the Bill through without entering into serious debate while the opposition failed to exploit the political capital presented by the Bill or its technical weaknesses. Most political commentators judged that Lord Ross's contributions in the House of Lords were far more pointed and effective than anything heard in the Commons.

Perhaps the most effective opposition was carried out by the officers and members of the Scottish local authorities themselves.

Senior local government officers, normally reluctant to comment on matters of political controversy, attacked the reforms on technical grounds, while local government politicians lost no time in exposing the regressive aspect of the tax.

The Future for Local Government Finance

Local government has been bedevilled by committees of inquiry and reorganisations which have been concerned with structure or finance but have ignored the links between the two. In reality, decisions about structure have implications for the mechanisms used for finance and vice versa.

Because of the practical difficulties and the "gearing" mechanism referred to earlier, it is difficult to see how the 1987 Act provides a long term basis for financing the present structure of Scottish local government.

In view of the present government's centralist tendencies, the next step could be 100% central funding with local authorities left to administer a centrally determined block grant. If this scenario seems far-fetched, remember that the effect of the 1987 Act will be to reduce local authority control over income in Scotland from 44% to less than 20%.

Alternatively, the provisions of the 1987 Act might be more practical if local government was stripped of major functions. In view of the current proposals for privatisation of key services and the downgrading of local authorities as providers of education and housing, this scenario, too, may not be wholly unrealistic.

The opponents of the 1987 Act favour either a reformed rating system or local income tax. While they disagree over an alternative to the rates, they are united in their support for a Scottish Assembly which would presumably, if they were successful, have the final say.

The 1987 Act does not provide the basis for effective, democratic local government. It is not just the inequity of the poll tax which is the problem. The massive tilt towards the centre in the central/local financial relationship

has a similar effect on the central/local political relationship.

In any future reforms, local government structure and finance should be looked at together, not in isolation, with the objective of defining a method of financing local government appropriate to a pluralist political system in which local government has the power to formulate, finance and implement policy within appropriate areas, subject only to the approval of its own electorate.

Archie Fairley, Director, Scottish Local Government Information Unit.

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